



**ORWELL TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Orwell Township
Ashtabula County
P.O. Box 672
Orwell, Ohio 44076

To the Board of Trustees:

We have audited the accompanying financial statements of Orwell Township, Ashtabula County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 23, 2001

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**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$50,344	\$85,427		\$135,771
Intergovernmental	38,604	81,585		120,189
Licenses, Permits, and Fees	1,240	3,635		4,875
Earnings on Investments	5,187	1,797		6,984
Other Revenue	2,498	4,178		6,676
	<u>97,873</u>	<u>176,622</u>		<u>274,495</u>
Cash Disbursements:				
Current:				
General Government	52,553	22,205		74,758
Public Works	13,560	84,212		97,772
Health	7,149	7,471		14,620
Conservation - Recreation	2,990			2,990
Debt Service:				
Redemption of Principal			12,565	12,565
Interest and Fiscal Charges			722	722
Capital Outlay	100	1,291		1,391
	<u>76,352</u>	<u>115,179</u>	<u>13,287</u>	<u>204,818</u>
Total Cash Disbursements				
	<u>76,352</u>	<u>115,179</u>	<u>13,287</u>	<u>204,818</u>
Total Receipts Over/(Under) Disbursements	<u>21,521</u>	<u>61,443</u>	<u>(13,287)</u>	<u>69,677</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			13,287	13,287
Transfers-Out	(13,306)			(13,306)
	<u>(13,306)</u>		<u>13,287</u>	<u>(19)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(13,306)</u>		<u>13,287</u>	<u>(19)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,215	61,443		69,658
Fund Cash Balances, January 1	29,331	90,127	1	119,459
Fund Cash Balances, December 31	<u>\$37,546</u>	<u>\$151,570</u>	<u>\$1</u>	<u>\$189,117</u>

The notes to the financial statements are an integral part of this statement.

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investment	\$79
Total Operating Cash Receipts	79
Operating Cash Disbursements:	
Supplies and Materials	
Total Operating Cash Disbursements	
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	79
Transfers-In	19
Net Receipts Over/(Under) Disbursements	98
Fund Cash Balances, January 1	1,883
Fund Cash Balances, December 31	\$1,981

The notes to the financial statements are an integral part of this statement.

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$46,342	\$72,032			\$118,374
Intergovernmental	20,909	76,631		147,291	244,831
Licenses, Permits, and Fees	830	2,771			3,601
Earnings on Investments	2,225	738			2,963
Other Revenue	1,961	20,972			22,933
Total Cash Receipts	<u>72,267</u>	<u>173,144</u>		<u>147,291</u>	<u>392,702</u>
Cash Disbursements:					
Current:					
General Government	58,180	19,811			77,991
Public Works	15,557	130,003			145,560
Health	6,506	5,387			11,893
Conservation - Recreation	1,155				1,155
Debt Service:					
Redemption of Principal			11,882		11,882
Interest and Fiscal Charges			1,406		1,406
Capital Outlay		9,347		147,291	156,638
Total Cash Disbursements	<u>81,398</u>	<u>164,548</u>	<u>13,288</u>	<u>147,291</u>	<u>406,525</u>
Total Receipts Over/(Under) Disbursements	<u>(9,131)</u>	<u>8,596</u>	<u>(13,288)</u>		<u>(13,823)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			13,288		13,288
Transfers-Out	(13,645)				(13,645)
Total Other Financing Receipts/(Disbursements)	<u>(13,645)</u>		<u>13,288</u>		<u>(357)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(22,776)</u>	<u>8,596</u>			<u>(14,180)</u>
Fund Cash Balances, January 1	<u>52,107</u>	<u>81,531</u>	<u>1</u>		<u>133,639</u>
Fund Cash Balances, December 31	<u><u>\$29,331</u></u>	<u><u>\$90,127</u></u>	<u><u>\$1</u></u>		<u><u>\$119,459</u></u>

The notes to the financial statements are an integral part of this statement.

ORWELL TOWNSHIP
ASHTABULA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investment	\$75
Total Operating Cash Receipts	75
Operating Cash Disbursements:	
Supplies and Materials	
Total Operating Cash Disbursements	
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	75
Transfers-In	357
Net Receipts Over/(Under) Disbursements	432
Fund Cash Balances, January 1	1,451
Fund Cash Balances, December 31	\$1,883

The notes to the financial statements are an integral part of this statement.

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Orwell Township, Ashtabula County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of Orwell to provide fire services and South Central Ambulance District to provide ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Levy Fund - Receipts are generated from a restricted Township levy and the entire proceeds are remitted to the Village of Orwell per contractual agreement to provide the necessary equipment and fire protection for Township residents.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

Bond Retirement Fund - To account for the repayment of a loan for the purchase of a tractor with a mower and ditcher.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Issue II Fund - The Township received a grant from the State of Ohio to pave Dodge Road.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest - The bequest is restricted to disburse interest earned to maintain a cemetery lot.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$189,117	\$119,459
Certificates of deposit	<u>1,981</u>	<u>1,883</u>
Total deposits	<u><u>191,098</u></u>	<u><u>121,342</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,873	\$97,873	\$0
Special Revenue	175,729	176,622	893
Debt Service	13,287	13,287	0
Fiduciary	80	98	18
Total	<u>\$286,969</u>	<u>\$287,880</u>	<u>\$911</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,545	\$89,658	\$11,887
Special Revenue	239,500	115,179	124,321
Debt Service	13,300	13,287	13
Fiduciary	0	0	0
Total	<u>\$354,345</u>	<u>\$218,124</u>	<u>\$136,221</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,267	\$72,267	\$0
Special Revenue	173,144	173,144	0
Debt Service	13,288	13,288	0
Capital Projects	147,291	147,291	0
Fiduciary	75	432	357
Total	<u>\$406,065</u>	<u>\$406,422</u>	<u>\$357</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,389	\$95,043	\$14,346
Special Revenue	217,895	164,548	53,347
Debt Service	13,300	13,288	12
Capital Projects	147,291	147,291	0
Fiduciary	0	0	0
Total	<u>\$487,875</u>	<u>\$420,170</u>	<u>\$67,705</u>

**ORWELL TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% in 1999 and 10.84% in 2000, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

Effective July 1, 1991, all employees not covered by PERS have an option to choose Social Security or the PERS. All of the Township's employees were covered by PERS.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Orwell Township
Ashtabula County
P.O. Box 672
Orwell, Ohio 44076

To the Board of Trustees:

We have audited the accompanying financial statements of Orwell Township, Ashtabula County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 23, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Orwell Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted one immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 23, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Orwell Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 23, 2001.

Orwell Township
Ashtabula County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 23, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ORWELL TOWNSHIP

ASHTABULA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 12, 2001**